



City of Tempe, Arizona
Single Audit Report
Year Ended June 30, 2024

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For the Year Ended June 30, 2024**

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Honorable Mayor and Members of the City Council
City of Tempe, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tempe, Arizona, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Tempe, Arizona's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tempe, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tempe, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tempe, Arizona's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tempe, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 11, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Honorable Mayor and Members of the City Council
City of Tempe, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Tempe, Arizona’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Tempe, Arizona’s major federal programs for the year ended June 30, 2024. City of Tempe, Arizona’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Tempe, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Tempe, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Tempe, Arizona’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Tempe, Arizona’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Tempe, Arizona's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Tempe, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Tempe, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Tempe, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Tempe, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tempe, Arizona as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Tempe, Arizona's basic financial statements. We issued our report thereon dated December 11, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
February 26, 2025

**CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Program Title	Assistance Listing Number	Contract Number	Expenditures	Payment to Subrecipients
<u>U.S. Department of Agriculture</u>				
Urban Agriculture and Innovative Production	10.935	NR223A75001G0014	\$ 88,180	\$
<u>U.S. Department of Housing and Urban Development</u>				
Direct programs:				
CDBG - Entitlement/Special Purpose Grants Cluster				
Community Development Block/Entitlement Grants	14.218		1,459,199	27,332
COVID-19-Community Development Block/Entitlement Grants	14.218		106,343	13,803
Total CDBG - Entitlement/Special Purpose Grants Cluster			1,565,542	41,135
Emergency Solutions Grant Program	14.231		146,691	
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers				
COVID 19- Section 8 Housing Choice Vouchers	14.871		17,035,791	
	14.871		748,652	
Mainstream Vouchers	14.879		820,373	
Total Housing Voucher Cluster			18,604,816	
Family Self-Sufficiency Program	14.896		84,599	
Passed through Maricopa County:				
Home Investment Partnerships Program				
COVID-19 Home Investment Partnerships Program	14.239	C-22-17-045-3-04	1,232,310	
	14.239	C-22-17-045-3-05	106,244	
			1,338,554	
Total United States Department of Housing and Urban Development			21,740,202	41,135
<u>U.S. Department of the Interior</u>				
Passed through Arizona State Parks and Trails:				
Historic Preservation Fund Grants-In-Aid				
	15.904	P15AF000079	1,540	
Total United States Department of the Interior			1,540	
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03083-JAGX	11,351	
	16.738	2020-DJ-BX-0286	61,255	
Total Edward Byrne Memorial Justice Assistance Grant Program			72,606	
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-04545-PPSE	124,647	
Passed through Arizona Criminal Justice Commission:				
National Criminal History Improvement Program (NCHIP)				
	16.554	NCHIP-22-24-004	99,260	
Passed through AZ Department of Public Safety:				
Crime Victim Assistance				
	16.575	2020-139	658,733	
Total United States Department of Justice			955,246	
<u>U.S. Department of Transportation</u>				
Passed through AZ Department of Transportation:				
Highway Planning and Construction				
Highway Planning and Construction	20.205	TMP-0(255)D	1,618,563	
	20.205	TMP-0(253)D	264,912	
Total Highway Planning and Construction			1,883,475	
Passed through AZ Governor's Office of Highway Safety:				
Highway Safety Cluster				
State and Community Highway Safety				
State and Community Highway Safety	20.600	2023-AI-012	6,680	
State and Community Highway Safety	20.600	2023-AL-035	57,240	
State and Community Highway Safety	20.600	2023-PTS-065	28,235	
State and Community Highway Safety	20.600	2024-AI-22	17,431	
State and Community Highway Safety	20.600	2024-AL-039	141,184	
State and Community Highway Safety	20.600	2024-MC-004	21,228	
State and Community Highway Safety	20.600	2024-PTS-066	130,764	
National Priority Safety Programs	20.616	2023-405b-009	21,283	
National Priority Safety Programs	20.616	2023-405d-045	17,508	
National Priority Safety Programs	20.616	2022-AI-011	23,097	
National Priority Safety Programs	20.616	2023-MC-005	4,059	

**CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Program Title	Assistance Listing Number	Contract Number	Expenditures	Payment to Subrecipients
National Priority Safety Programs	20.616	2023-CIOT-025	16,000	
National Priority Safety Programs	20.616	2023-CIOT-025	634	
National Priority Safety Programs	20.616	DUIAC-E-181	35,098	
National Priority Safety Programs	20.616	2024-405g-009	16,092	
National Priority Safety Programs	20.616	2024-405b-010	31,829	
National Priority Safety Programs	20.616	2024-405d-041	61,519	
National Priority Safety Programs	20.616	2024-405b-502	10,000	
Total Highway Safety Cluster			639,881	
Total United States Department of Transportation			2,523,356	
<u>U.S. Department of Treasury</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027		10,841,512	
Passed through Maricopa County:				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	C-22-23-093-X-11	1,500	
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	C-86-24-171-X-00	142,342	
Total United States Department of Treasury			10,985,354	
<u>Institute of Museum and Library Services</u>				
Passed through State of AZ Library, Archives and Public Records:				
Grants to States	45.310	2017-0170-16	3,887	
Grants to States	45.310	2017-0320-04	800	
Grants to States	45.310	2023-0260-18	15,000	
Total Institute of Museum and Library Services			19,687	
<u>United States Small Business Administration</u>				
Congressional Grants	59.059	SBAHQ22I0068	10,500	
Total United States Small Business Administration			10,500	
<u>US Department of Education</u>				
Passed through Arizona Department of Education:				
COVID-19 Education Stabilization Fund	84.425U	CTR059836	859,979	
Total United States Department of Education			859,979	
<u>U.S. Department of Health and Human Services</u>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI082531-01	295,248	
Passed through Maricopa County Department of Public Health:				
Activities to Support State, Tribal, Local & Territorial (STLT) Health Department Response and Public Health or Healthcare Crisis	93.391	C-86-23-102-X-00	212,567	
Passed through Maricopa County Human Services Department:				
Community Services Block Grant	93.569	C-22-22-118-X-01	485,942	
Community Services Block Grant	93.569	C-22-24-038-X-00	62,500	
Passed through Arizona Department of Economic Security				
Child Care Retention Grant	93.575	N/A	155	
Passed through National Parks and Recreation Association				
Regional and National Significance	93.945	5NU58DP006985-02-00	438	
Total United States Department of Health and Human Services			1,056,850	
<u>Executive Office of the President</u>				
Passed through the City of Tucson:				
High Intensity Drug Trafficking Areas Program	95.001	HT-22-2963A	109,043	
Total Executive Office of the President			109,043	

CITY OF TEMPE, ARIZONA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Program Title	Assistance Listing Number	Contract Number	Expenditures	Payment to Subrecipients
<u>U.S. Department of the Homeland Security</u>				
Passed through AZ Department of Homeland Security:				
Homeland Security Grant Program	97.067	220827-02	12,621	
Homeland Security Grant Program	97.067	220827-01	8,905	
Homeland Security Grant Program	97.067	220213-01	13,235	
Homeland Security Grant Program	97.067	220213-03	40,809	
Homeland Security Grant Program	97.067	1H79TU086383	232,492	
Homeland Security Grant Program	97.067	230824-02	63,292	
Homeland Security Grant Program	97.067	230215-01	3,259	
Homeland Security Grant Program	97.067	2030824-01	9,325	
Homeland Security Grant Program	97.067	230215-02	34,296	
Homeland Security Grant Program	97.067	220826-02	78,000	
Homeland Security Grant Program	97.067	220826-03	1,172	
Homeland Security Grant Program	97.067	220823-01	11,914	
Homeland Security Grant Program	97.067	01154	348,591	
Homeland Security Grant Program	97.067	230823-01	3,500	
Homeland Security Grant Program	97.067	230823-02	<u>12,047</u>	
Total Homeland Security Grant Program			873,458	
			<u>873,458</u>	
Total United States Department of the Homeland Security			<u>873,458</u>	
			<u>\$39,223,395</u>	<u>\$41,135</u>
Total Expenditures of Federal Awards			<u>\$39,223,395</u>	<u>\$41,135</u>

See accompanying independent auditor's report on schedule of expenditures of federal awards
 and notes to schedule of expenditures of federal awards.

City of Tempe, Arizona
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Tempe, Arizona under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 - 10% De Minimis Indirect Cost Rate

The auditee has elected not to use the 10% de minimis indirect rate as allowed under Uniform Guidance.

Note 4 - Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

City of Tempe, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

1. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a): No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Programs or Clusters</u>
14.218	CDBG – Entitlement/Special Purpose Grants Cluster
14.239	Home Investment Partnerships Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$1,176,702

Auditee qualified as low-risk auditee: Yes

2. Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

3. Findings and Questioned Costs Related to Federal Awards: No

4. Summary Schedule of Prior Audit Findings required to be reported: No